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Through the Trans-Atlantic Energy Action Project, The Lugar Center (TLC) and the German Marshall Fund of the United States (GMF) are partnering to improve understanding of trans-Atlantic opportunities for energy security and economic cooperation, particularly in relation to the Trans-Atlantic Trade and Investment Partnership (TTIP).

Diversification of natural gas supplies is a key policy goal of the European Union and the United States to introduce competition into isolated countries of Central and Eastern Europe. With major off-shore discoveries in Cyprus, Egypt, and Israel, the Eastern Mediterranean has garnered much attention as a potential new source of supply, but the commercial and political dynamics are uncertain.

Sir Michael Leigh of GMF moderated this discussion, held under Chatham House rules, on the energy outlook for the Eastern Mediterranean with Professor Brenda Shaffer of Georgetown University and Mr. Nikos Tsafos, President and Chief Analyst of enalytica. Attendees included representatives from Congressional offices, government agencies, think tanks, universities, embassies, and private industry.

In the past months, there have been a number of developments that could affect exploration and production for gas and, potentially, oil in the Eastern Mediterranean. The roundtable opened with a discussion of the positive energy developments in the region and their regional and global significance. Recent gas framework developments in Israel were highlighted, including Prime Minister Benjamin Netanyahu invoking national security interests to circumvent antitrust concerns. Country-specific conditions related to domestic and export markets for countries including Israel, Egypt, and Jordan were noted.

The Israeli government has at last approved a plan for the development of the Leviathan natural gas field off Israel’s coast and there are new prospects for rapprochement between Turkey and Israel. This, together with a possible solution to the division of Cyprus, may open up the option for gas exports to Turkey.

The panel evaluated the feasibility and likelihood of sending Israeli or Cypriot gas to LNG facilities in Egypt and the export potential from Israel to Jordan given the latter country’s power generation challenges and political environment. The authorities in Jordan, which is under intense financial and energy pressure from the number of refugees in the country, continue to express an interest in gas imports from Israel, though this is contested by some. The discovery of the Zohr gas field offshore
Egypt implies that the country could provide for its own domestic gas requirements by the mid-2020s. This would have repercussions for Israel and Cyprus that are eyeing the Egyptian market as well as the country’s underutilized LNG plants.

The roundtable also evaluated Russian interest and influence in the Eastern Mediterranean. During a wider conversation with attendees, discussion turned to an examination of the regional role that Cyprus could play, the domestic market in Israel and public opinion on natural gas development matters, and whether the United States and European Union stand to benefit from energy developments in the Eastern Mediterranean.

Click here to view pictures from the event.

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